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Report Highlights:

Total cattle (including domestic buffalo) numbers are forecast to be down about 8 percent entering 2007 as a result of herd reductions caused by ongoing outbreaks of both lumpy skin and foot and mouth disease. As a result of lower domestic availability, meat imports are forecast to grow about 6 percent in 2007.

Includes PSD Changes: Yes

Includes Trade Matrix: Yes

Annual Report

Cairo [EG1]

[EG]

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PSD Table

Egypt Cattle (1,000 Head)						
		2005		2006		2007
	Old	New	Old	New	Old	New
Calendar Year Begin		01/2005		01/2006		01/2007
Total Cattle Beg. Stks	6415	6415	6343	6169	0	5634
Dairy Cows Beg. Stocks	4234	4234	4186	4071	0	3688
Beef Cows Beg. Stocks	0	0	0	0	0	0
Production (Calf Crop)	2202	2250	2302	1800	0	1954
Intra EC Imports	0	0	0	0	0	0
Other Imports	70	45	100	30	0	100
TOTAL Imports	70	45	100	30	0	150
TOTAL SUPPLY	8687	8710	8745	7999	0	7688
Intra EC Exports	0	0	0	0	0	0
Other Exports	0	0	0	0	0	0
TOTAL Exports	0	0	0	0	0	0
Cow Slaughter	560	572	565	524	0	572
Calf Slaughter	171	183	172	167	0	160
Other Slaughter	1363	1536	1370	1374	0	1418
Total Slaughter	2090	2291	2107	2065	0	2150
Loss	250	250	250	300	0	230
Ending Inventories	6343	6169	6388	5634	0	5308
TOTAL DISTRIBUTION	8687	8710	8745	7999	0	7688

Production

For 2006, Egypt's total cattle herd (including domesticated buffalo) is estimated at 6.1 million head, or about 4 percent lower than 2005. This reduction is mostly due to outbreaks of both lumpy skin (LSD) and foot and mouth diseases (FMD). At the height of the outbreaks, milk and meat production were down as much as 30 percent. The diseases continue to afflict the sector, and the total herd population is forecast to be down about 8 percent in 2007.

Domesticated buffalo represent fifty-seven percent of the herd, with cattle (both dairy and beef) accounting for the remainder. Most of the cattle are for dairy production, with meat production being of secondary importance. Most animals are reared in feed-lot type facilities, as pastureland is extremely scarce. Although the bulk of the national herd is dispersed among a large number of small holders, the number of modern farms for both dairy and beef production is increasing. The total number of modern dairy farms currently is estimated at 180 farms, with a total of about 220,000 high milk-producing imported cows.

The success of the National Buffalo Project (NBP) has encouraged more investors to establish feedlots for beef fattening. The objective of this project, which was re-launched some years ago, is to fatten buffalo calves to a live weight of 450-500 kilograms to reduce reliance on imported live animals and frozen meat. The NBP herd is currently estimated at 320,000 head, down from 350,000 the previous year.

Due to the reduction in herd numbers caused by FMD and LSD, combined with the ban on live cattle imports, total slaughter is expected to decline about 9 percent in 2006 and another 4 percent in 2007. Similar reductions in meat production are expected. The slaughter number and meat production forecasts for 2007 largely hinge on whether the ban on live cattle imports is rescinded. Many industry analysts believe the ban will have to be removed prior to the end of 2006 to allow for rebuilding of local herds and to have an additional supply of slaughter animals. A drop in poultry production caused by avian influenza in 2006 is providing additional impetus to rescind the ban on cattle imports. Most beef calves are fattened to 360-450 kg live weight, while approximately 60 percent of buffalo calves are slaughtered at 70-80 kilograms live weight for veal production, and the balance is fattened to 450 kg.

The fragmentation of the national herd is a major constraint to further development of the livestock sector. Most producers have only a few head and remain largely ill-informed about recent technological advances as extension programs designed to improve animal nutrition, health, and breeding are difficult to administer. Herd improvement through artificial insemination is only practiced on large dairy farms.

Most farms currently mix their feed rations on the farm. These rations consist of corn, cottonseed meal or soybean meal, wheat bran and farm by-products (rice straw, rice hulls, beans straw, barely straw), molasses, limestone and, vitamins and salt. According to government feed regulations, growth hormones and ruminant by products are prohibited from use in manufacturing animal feed.

Another problem that impacts the efficiency of meat production arises from the lack of adequate packaging, sanitation, and quality control at most slaughterhouses. Currently, there are 355 slaughterhouses in operation in Egypt. Most of these are small one-room operations, but there are eight industrial facilities located in Cairo and Alexandria where about 45 percent of the slaughtering takes place. Animals are slaughtered according to Islamic requirements. About 50 percent of the slaughtered cattle and buffalo, and 60 percent of the slaughtered calves are slaughtered outside specialized slaughterhouses, either on farms or in villages.

Import Trade Matrix

Egypt Animal Numbers Cattle		
Import from	2004	2005
U.S.		
Others		
Australia		13,411
Ethiopia		11,938
Romania	1,208	11,725
Moldavia		596
Hungary	792	
Sudan		2,701
Turkey		1,502
Russia		1,200
Total for Others	2000	43,073
Others not listed		
Grand Total	2000	43,073

Prices

The price for local live cattle in July - August 2006 is reported to be LE 13 per kg live weight for cows and LE 12 per Kg for buffalo. The prices of imported frozen beef from Brazil and Argentina during July - August 2006 are reported to be \$ 2,700 MT/CIF for hindquarters, \$2,400 MT/CIF for forequarters (about \$50 per MT over last year's prices during the same period). Imported frozen beef currently retails between LE 17 and LE 19 per kg. The retail prices for locally produced beef vary between LE 27 and 47 per kg. Imported frozen beef liver is currently imported at \$900 per MT CIF and retails between LE 9 and 11 per kg, compared to LE 45 per kg for fresh liver.

PSD Table

Egypt Meat (1,000 MT)						
		2005		2006		2007
	Old	New	Old	New	Old	New
Calendar Year Begin		01/2005		01/2006		01/2007
Slaughter (Reference)	2070	2291	2107	2095	0	2022
Beginning Stocks	0	0	0	0	0	0
Production	459	508	467	465	0	448
Intra EC Imports	0	0	0	0	0	0
Other Imports	120	151	140	160	0	170
TOTAL Imports	120	151	140	160	0	170
TOTAL SUPPLY	579	659	607	625	0	618
Intra EC Exports	0	0	0	0	0	0
Other Exports	0	0	0	0	0	0
TOTAL Exports	0	0	0	0	0	0
Human Dom. Consumption	579	659	607	625	0	618
Other Use, Losses	0	0	0	0	0	0
TOTAL Dom. Consumption	579	659	607	625	0	618
Ending Stocks	0	0	0	0	0	0
TOTAL DISTRIBUTION	579	659	607	625	0	618

Trade

Imports of live cattle from all sources were suspended in June 2006 due to out-breaks of FMD, LSD, and three day fever. As a result of this import ban, live cattle imports are forecast to fall to 30,000 head in 2006. Total beef cattle imported from January 2006 through May 2006 is estimated at 21,882 head, of which 10,130 head came from Australia, 8,751 head from Ethiopia and 2,349 from Romania. Total beef cattle imports in 2005 were 43,0730 head, of which 13,411 head were imported from Australia, 11,938 from Ethiopia and 11,725 from Romania.

As stated above, to replenish local herds and to curb rising meat prices, it is expected that the import ban on live cattle will be rescinded before the end of 2006. The shortage in the domestic beef supply has been exacerbated by the outbreak of Avian Influenza in February 2006. For 2007, assuming imports are again allowed, live cattle imports are forecast to rebound to 100,000 head.

The government has already taken some steps to ease pressure on meat prices. In July 2006, all duties on imported frozen meat, poultry, and fish were removed. These zero duties are to remain in effect for six months starting from July 2006.

U.S. dairy cattle imports have been banned since June 2001 when MOA issued decree #1355, which requires that imported cattle come from a country or area declared as enzootic bovine leukosis (EBL) free. However, in principle the Egyptian government will consider approval for imports of breeding cattle coming from a biosecured farm under the supervision of the official veterinary authorities as coming from EBL free herds. Even so, a quarantine requirement of 90 days for imported U.S. dairy cattle would apply. Egyptian dairy farmers continue to favor U.S. dairy cattle for their higher milk production (27 Kg/day in their first lactation) compared with 16 kg/day for other cattle from other sources. Nonetheless, the high prices of U.S dairy cattle, currently between \$2,800 CIF for non-registered and about \$3,300 CIF for registered cattle, are about \$1,000 higher than the landed price for Australian dairy cattle. As a result, importers are forced to consider suppliers from other countries such as Australia, Canada and New Zealand, which GOE reportedly considers free of EBL.

In 2006, beef imports are expected to increase by about 6 percent as the increased price of locally produced meat is driving higher imports. In 2005, Egyptian imports of frozen beef are estimated at 151,000 MT, compared to 114,000 MT in 2004. Brazil and Argentina continue to be the major suppliers of imported frozen meat to Egypt.

Currently, the United States is not a major beef supplier to Egypt. This is due to lack of price competitiveness, in addition to labeling requirements included in the Decree # 465 of 1997, which stipulates that exporters must insert the name of the importers inside and outside the products' package. U.S. beef exports are limited to high quality cuts with extra trimming mostly for tourist facilities and hotels. Egypt usually imports about 2,000 MT of high quality beef from the United States every year.

In 2005, Egypt's total beef liver imports recovered, and reached 40,140 MT compared to a record low 5,000 MT in 2004. This drastic decline resulted from the import ban imposed by the government of Egypt in December 2003, due to the BSE case found in Washington State. The United States continues to be the sole supplier of beef liver into the Egyptian market. During the first six months of 2006, U.S. liver shipments to Egypt were very strong, reaching about 34,000 tons.

Consumption

In 2006, meat consumption is forecast to decline as the short supply of locally produced meat has driven up prices. The average per capita consumption of red meat is estimated at 8.7 kg/year, which is quite low compared to consumption levels in other countries. The low consumption is mainly due to limited local production combined with low income. Egyptians prefer beef to other types of meat including poultry and lamb. They also prefer fresh over frozen beef. The more affluent segment of the population tends to think of imported frozen meat as an inferior product. The exception to this is the very limited amount of high quality beef imported for use in hotels and restaurants, mostly imported from the United States.

Imported beef liver is established as a relatively cheap source of protein. From the end of 2003 until March 2005, there was an import ban on U.S beef products. Prior to the ban, the U.S. had more than 95 percent of the market for beef livers. It is estimated that about 60 percent of imported livers is sold by street vendors for sandwiches, while 40 percent is consumed at home.

Competition to beef livers comes from other sources of comparatively cheap animal protein such as imported frozen fish and low price beef cuts from the EU such as briskets.

Import Trade Matrix

Egypt Meat (MT)		
Imports from	2004	2005
U.S.	1,070	283
Others		
Ireland		157
Uruguay		936
India		275
Brazil	93,000	136,343
U.K		316
Togo		416
Argentina	7,506	10,439
Total for Others	100,506	148,466
Others not listed	12,424	2,251
Grand Total	114,000	151,000